

# **FISCAL NOTE**

## **SB 565 - HB 1276**

March 29, 2005

**SUMMARY OF BILL:** Authorizes alternative collateral requirements for investment of funds held by state and local governmental entities including authorizing state and local governments to collateralize certificates of deposit that exceed \$100,000, authorizing banks to enter into deposit placement agreements to accept funds for deposit for placement within or outside of the state and allowing a depository to act as custodian of certificates of deposit.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Not Significant**

**Increase Local Govt. Expenditures – Exceeds \$100,000/Permissive**

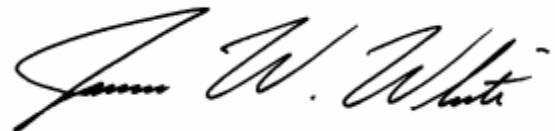
**Decrease Local Govt. Revenues – Exceeds \$100,000/Permissive**

Assumptions:

- Using certificates of deposit with a lower interest rate will result in reduced earnings.
- Third-party services will have additional fees that will result in increased cost.
- Risk of loss of principal during uncollateralized period.
- Interest rate earnings may be reduced below current levels.
- Fiscal impact on local government districts, public or quasi-public corporations, public officials, boards, agencies and other public or quasi-public entities.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director